

SUMMARY OF MAJOR AMENDMENTS

Honduras PRO-LENCA: *Competitiveness and Sustainable Rural Development Project in the South Western Border corridor Project (PRO-LENCA Project*

Explanation for amendment: The SCCF financing (GEF 4657) was a 3 USD million co-financing source of a USD 21,9 million Program approved by IFAD in 29 Aug 2011 (the Competitiveness and Sustainable Rural Development Project in the Northern Zone – Northern Horizons). This program, also included financing from IFAD, Central American Bank for Economic Integration (CABEI) and the Government of Honduras (GoH). Due to its difficult fiscal situation, the GoH decided to cancel several sources of external financing, which included the CABEI loan for the Northern Horizons Projects. Consequently the Northern Horizons programme (including the activities under SCCF financing) never started.

At the same time, the Secretary of Agriculture (SAG) – implementing agency of the Northern Horizons programme- requested to restructure the remaining funds of the Northern Horizons Programme (IFAD loan, Government counterpart and SCCF grant) to include these funds in a new phase of the ***Competitiveness and Sustainable Rural Development Project in the South Western Border corridor Project (PRO-LENCA Project)***.

The PRO-LENCA project, which first phase was approved by IFAD Executive Board in September 2011, responds to the strong interest expressed by the GoH to address the developmental needs of the poor rural population in the South Western border corridor of Honduras. PRO-LENCA is a pro-poor value chain development investment that supports start-up financing and asset building in production, transformation, commercialization and better market access. PRO- LENCA, as designed, presents an innovative approach to the consolidation of small producers’ organizations. However small producers are highly vulnerable to climate change and environmental degradation. In this context the additional SCCF financing was included in the design to complement the new phase of PRO- LENCA (updated PRO-LENCA). In order to assess this viability and to update the additional GEF funding a project design mission was fielded in June 2015.

The “updated PRO- LENCA” project was approved by the IFAD Executive Board, the 15th of September of 2015, following the recommendations of the SAG and the Secretariat of Natural Resources Energy and Mining to include also the SCCF additional financing.

The main changes included in the CEO Endorsement Document are (please see table below):

- Title, to reflect the new project implementation area
- Project area and target groups: Instead of being implemented in the northern corridor, the Project will be implemented in the south - western border corridor. This change implies a new target group. The poverty, climate change vulnerability and access to natural resources criteria remain the same. However, there is a stronger focus on indigenous populations, which are predominant in the new Project area.
- Component names were updated, to be aligned with the PRO-LENCA project. However, activities and objectives of each component remain the same.
- A better and tighter integration between components between the GEF Project and the PRO-LENCA project. This integration requires extending the original period of implementation from 30 to 48 months. The loan has a 72 month implementation period.

- Total co-financing: The total new co-financing will be USD 24, 8 million (instead of USD 18, 9 million).

	NORTHERN HORIZONS SCCF/GEF	PRO-LENCA SCCF/GEF
TITLE	Name of Project to be amended: Competitiveness and Sustainable Rural Development Project in the Northern Zone (Northern Horizons-GEF)	Name of amended Project: Competitiveness and Sustainable Rural Development Project in the South Western Border Corridor (PRO-LENCA GEF)
PROJECT AREA and TARGET GROUPS	The activities were designed to be implemented in the departments of Atlántida, Cortés and Santa Barbara which comprises unique and vulnerable ecosystems of the Mesoamerican corridor in the north of the country and of the wider lake of Yojoa watershed in the northwest	Activities will be implemented in the South of Honduras, in the departments of Intibucá, La Paz and Lempira which comprises unique and vulnerable ecosystems of the Mesoamerican corridor
COMPONENTS	Components of Northern Horizons Project: a) Human and Social Capital Development and, b) Value Chains and Competitiveness.	Components of PRO-LENCA project: a) Development and Strengthening of Rural Organisations and b) Production and Business Development
IMPLEMENTATION PERIOD	30 months	48 months
CO-FINANCING	The financing of the NH project consisted of: (a) an IFAD loan of US\$8.72 million (39.8 % of total cost); (b) a loan of US\$8.0 million from the Central America Bank for Economic Integration (CBEI) (36.5 %); (c) a counterpart funding from the Government of Honduras for US\$2.2 million (10 %); and (d) a GEF grant of US\$3.0 million (13 %).	The financing of PRO- LENCA is US\$ 27,8 million and comes from: (a) an IFAD loan of US\$ 14.29 million (51percent of total cost); (b) and IFAD loan of US\$ 6.1 million with remaining funds from the Northern Horizons Project (22 percent); (c) Counterpart funding from the Government of Honduras for US\$1.1 million (4 percent); (d) US\$ 3.2 million from the beneficiaries (11 percent); and (d) a GEF grant of US\$3.0 million (11 percent).

Detail of GEF Project #4657 (www.thegef.org/gef/project_detail?projID=4657)

- **Focal Area:** Climate Change
- **Project Type:** Full size project
- **Country:** Honduras
- **PIF Project Approval Date:** 29 Sep 2011
- **Council approval date for Full Size Projects:** 10 Nov 2011
- **PPG CEO approval:** 13 Jan 2012
- **Date for EAs and MSPs.** n/a
- **Project Approval Amount by IA/ExA:** 3,000,000.0 USD
- **CEO Endorsement Date** (FSPs and non-expedited): 5 Apr 2013
- **Endorsed Amount** (FSPs and non-expedited): 3,000,000.0 USD
- **IFAD Approval Date:** 16 May 2013
- **Executing Agency:** Ministry of Agriculture and Livestock of Honduras (SAG)
- **Description of objective:** The objective in the new selected area remains the same. The main objective of the GEF additional fund to the PRO –LENCA project is to increase the climate resilience of agricultural productive chains, protecting smallholder’s farmers and their production from the impact of climate variability. However some changes have been

done to better reflect the new project area and to harmonize the GEF activities within the PRO- LENCA project.